



**STATE OF TENNESSEE
DEPARTMENT OF HUMAN SERVICES**

www.state.tn.us/humanserv/
CITIZENS PLAZA BUILDING
400 DEADERICK STREET
NASHVILLE, TN 37248
Telephone 615-313-4700 TTY 1-800-270-1349
Fax 615-741-4165

**PHIL BREDESEN
GOVERNOR**

**VIRGINIA T. LODGE
COMMISSIONER**

July 20, 2006

Dear Memphis/Shelby County Child Care Providers,

Re: Misinformation About Child Care in Shelby County

For several months, some disturbingly erroneous information has been passed to the Memphis/Shelby County child care community by members of the Childcare Provider Empowerment Association (CPEA). The CPEA recently gave a document entitled "There Are Plans To Take Over Memphis Childcare" to Memphis television station ABC-24. Attempting to verify the information therein, the reporter faxed the document to us. The CPEA apparently believes there is a conspiracy to endanger the child care industry.

I would like to take this opportunity to respond to misinformation promulgated by the CPEA as it may have made its way to you or others within the community. Sadly, we have addressed these same "issues" with the CPEA on numerous occasions, including in writing, but the CPEA persists in spreading rumors not based in fact.

This letter is a point-by-point version of the abbreviated letter that was sent to you this week.

CPEA Assertion: The *First Year's Institute* (FYI) and County Mayor A.C. Wharton are planning to take over the Memphis/Shelby County child care industry.

Fact: The Department of Human Services (DHS) does not control the child care industry. We do administer the child care certificate (subsidy) program, but we have no plans, nor have we ever had any plans, to grant the administration and control of the child care certificate program to any governmental, private for-profit or private non-profit organization. The certificate program will continue to be administered by DHS for the benefit of our Families First, Transitional Child Care, and At Risk Child Care clients. Further, there are not, and never have been, 3,000 child care centers in Memphis/Shelby County, as the CPEA claims. Rather there are 1,071 licensed agencies in Memphis/Shelby County, 778 of which are child care centers.

Assertion: The Pre-K program has taken away the 4-year-olds and DHS is steering the 3-year-olds to Head Start.

Fact: Out of the approximately 12,900 4-year olds in Memphis/Shelby County, only 900 or 7% have been enrolled in Pre-K classrooms. Of the remaining 12,000 4-year-olds, 86% are enrolled in licensed child care. The remaining children are either in relative or unregulated care.

Fact: Of the approximately 7,400 Memphis/Shelby County 3-year-old certificate children currently enrolled in licensed child care agencies, only 11% are enrolled in Head Start, while 84% are enrolled in child care centers.

Assertion: DHS stopped paying transportation fees and that effective January 1, 2007 child care vans will no longer be allowed for the transporting of children in licensed child care settings.

Fact: In 2003, DHS did stop paying transportation fees because we were exceeding our budget in the child care certificate program due to rapidly rising Families First caseloads. Transportation fees were ended and other reductions in the Families First program were made so children would not have to be cut from the subsidy program. At that time, Tennessee was the only state subsidizing child care transportation in that manner and to that extent.

Fact: There is a licensed capacity of 114,000 child care spaces in Memphis/Shelby County, with 66,400 of these dedicated to children in the certificate program. There are only 20,000 children of Families First, Transitional Families First and/or At-Risk clients eligible to receive child care subsidies. These numbers indicate that Families First, Transitional Families First and/or At-Risk families have many licensed child care options available to them in Memphis/Shelby County that would not necessarily require child care center transportation services. Additionally, no factual information has been presented to the Department by the Memphis/Shelby County community or by our Shelby County Child Care Certificate office to show that the parents of certificate children are having or will have difficulty finding accessible licensed child care for their children. To the contrary, the Department's Certificate program staff report little difficulty in appropriately meeting the child care needs of our families.

Fact: The decision to provide transportation services is an individual business decision. If a provider wishes to serve children outside of a distance or area that is convenient, reasonable, or possible for parents to get their children to the agency, then that is a business decision for which the provider takes legal and financial responsibility.

Fact: After the deaths of four children in the "Tippy Toes" van accident in Memphis, the National Transportation Safety Board (NTSB) investigated the incident and issued a report. The number one issue of concern in the report was the use of the demonstrably unsafe 15-passenger van to transport children. The NTSB strongly recommended that the State mandate the use of buses for the transportation of children in child care settings rather than vans. In 2002, DHS promulgated rules prohibiting the use of these vans in child care by January 1, 2007, giving providers fully five years to prepare for the change.

Assertion: The 3-star system is another way of taking revenue out of centers as, for the last 3 years, several "top quality" centers have lost their stars and centers that had no stars still could not receive them.

Fact: Child care centers do not "receive" stars, they earn them by attaining levels of quality. As a way to reward and encourage agencies to aspire to higher levels of quality, bonus payments above the standard DHS rates are made to providers who earn stars.

Fact: The number of agencies in Memphis/Shelby County that have earned stars has remained stable in the past year, with 3-star agencies increasing by 29 or 18%. If agencies are "losing stars," then others are earning them. Once again, child care centers have to earn stars each year and, if their level of demonstrated quality declines, then they will lose stars.

Assertion: There is a conspiracy on the part of DHS to lie if necessary to bring 3-Star centers down so that we do not have to pay them Star Quality Bonuses.

Fact: DHS pays the star bonuses as a way of rewarding agencies that demonstrate quality and to encourage others to work hard towards improving quality. If we did not want to pay the bonuses, we never would have implemented the bonus program. Our budget is constructed to support these expenditures.

Assertion: By not instituting a policy whereby certificate providers are paid for non-planned terminations, DHS is forcing providers to lose even more money.

Fact: By federal regulation, DHS cannot pay for services that are not delivered nor can we pay two providers for one child. This has always been the case since the inception of the certificate program in 1992. Nothing in this regard has changed.

Assertion: There is a conspiracy on the part of the media and others to paint a negative picture of the child care industry

Fact: As a matter of public service, the media in Memphis/Shelby County periodically runs stories which highlight centers of quality, as well as those centers needing improvements. The media in the other metropolitan areas—Nashville, Knoxville, Jackson, Johnson City and Chattanooga—similarly report on the Star Quality system. That is no different than reporting restaurant health inspection scores. It is up to parents to choose where they want their children enrolled.

Assertion: The assessors with no background in child care can, in three hours of assessment, take away a center's stars even though the director has a degree in child care and has been in business for years.

Fact: Assessors must be degreed, undergo extensive training and be highly qualified in the assessment process before they are allowed to rate an agency on quality. Regardless of whether a provider has a degree or extensive experience in child care or education, he or she may not be operating a center that demonstrates consistent quality on a day-to-day basis.

Assertion: The appeal process is flawed because no provider has been upheld in an administrative hearing.

Fact: In the appeal process, the Department must establish that it followed its policy and rules governing the rating system. Providers who appeal must supply evidence that the assessors did not follow DHS policy in order for the administrative hearing officer to find in their favor. Some cases have been settled after appeals were filed. Providers have the ability to appeal further to Chancery Court if they are not satisfied with the outcome of the administrative appeal process.

Assertion: CPEA maintains that 75% of the DHS child care budget went for increased Licensing inspectors (Program Evaluators) and 24% went for out side training offered through DHS.

Fact: Over 88% percent of the DHS child care budget continues to go directly to child care certificate providers. (Federal regulation requires a minimum of 75% of a state's federal child care dollars to go towards direct provision of child care services for low-income families). Less 12% percent of our child care expenditures have been for training, program assessment, licensing, child care brokers, and administrative costs combined.

Assertion: CPEA maintains that 99% of Tennessee's budget earmarked for child care went into the DHS "pocket".

Fact: See above response. By federal regulation, DHS is allowed no more than 5% of our total child care allocation to cover administrative costs, and we actually spend less than 5%.

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Assertion: There is a big plan on the part of “higher powers” to close the child care industry down. CEPA maintains it has spoken with “Senators” and found out that, for the last five years, there has been a plan in place geared to take over the child care industry.

Fact: The State of Tennessee is mandated by the federal government to make safe, affordable child care available for low-income families. DHS strives to assure that child care in Tennessee is safe and of such quality as to encourage appropriate growth and learning by its young children. Child care is also a primary support service critical to the success of our Families First program.

Assertion: The First Years Institute is using the Star Quality System to discredit the child care industry in order to take over (what they do not say).

Fact: The First Years Institute embarked on a public awareness campaign at the beginning of the year call the Unity Public Awareness Campaign. The group has many partners in the Memphis/Shelby County community, including the Assisi Foundation, the Shelby County Mayor’s office, Memphis Tomorrow, First Tennessee Bank, The Community Foundation of Greater Memphis, The Urban Child Institute, CASA, The Exchange Club, Memphis Child Advocacy Center, UT Health Sciences Outreach Center , Memphis and Shelby County Crime Commission, the Domestic Violence Coalition, Memphis and Shelby County Health Department, Porter Leath Children’s Center, Lebonheur Center for Children and Parents, the Fetal Alcohol Syndrome Parent Support Group, March of Dimes, Memphis Public Library, Partners for the Homeless, and Juvenile Court.

The goal of the Unity Public Awareness Campaign is to coordinate and leverage resources to produce a media and grassroots effort to address multiple critical community issues relative to children. Among these are how to select quality child care, the promotion of kindergarten readiness, increasing child safety, reducing the number of low birth weight babies and infant mortality, and the prevention of domestic violence and child abuse.

The intent of the child care piece of the campaign is to link positive parental/caregiver behaviors inside the home, as well as in out-of-home settings. The campaign messages are also intended to reinforce the information given in the Star-Quality Childcare Report news segment.

Assertion: The Star Quality Program is bogus and the intent of the rating system is to discredit centers.

Fact: The development of Tennessee’s Star Quality Rating System was based entirely on current research and best practices in the evaluation of child care settings. It is nationally and internationally recognized as a model for Quality Rating Systems (QRS). The Star Quality program maintains data that shows a clear increase in the level of child care quality from its inception until the present. The intent of the QRS is to give parents and the general public pieces of information needed in order to make good, informed decisions about the care and learning of their young children. The State Legislature recognized the importance of these needs in enacting the Report Card and Rated Licensing Systems into law effective in 2001.

Assertion: The First Years Institute has asked the Governor for \$20,000,000 to support their plans and they would receive monies earmarked for the child care industry.

Fact: No such request has been made to the Governor by the First Year’s Institute. We can only guess that the \$20,000,000 figure is the state budget appropriation for Pre-K expansion. Those funds were not “taken” from the child care industry.

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Representative Barbara Cooper's legislative resolution urges the Office of the Comptroller to study the Star Quality and Report Card Program. DHS welcomes this opportunity to share our data and on-going research documenting the clear improvements to the quality of child care in our State.

In closing, let me assure the child care providers of Memphis/Shelby County that, like you, the Department of Human Services takes seriously our responsibility to ensure safe, healthy, affordable and quality environments for our children in licensed care. With the invaluable input and guidance of providers, professionals, parents, legislators and others, we have established rules, a report card and rating system, and professional development and technical assistance networks for providers that have brought marked improvements to child care in Tennessee.

Additionally, please be assured that DHS is committed to providing factual information to the public when asked about any facet of our system. In this instance, we could no longer stand by and allow the CPEA's distorted and misinformed opinions to be spread throughout the child care community. We hope that in the future, CPEA will include factual information in its communication with child care providers and the general public. We also hope that any such information will include at least some mention of child well-being and growth, as this is the ultimate goal for all of us engaged in providing developmental services to young children.

Thank you so much for your commitment to young children.

Sincerely,

A handwritten signature in black ink, appearing to read "Virginia T. Lodge". The signature is fluid and cursive, with a large initial "V" and a stylized "L".

Virginia T. Lodge
Commissioner

VTL:dsn